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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

SLS-12

December 20, 1937

T H E S H E E P A N D L A M B S I T U A T I O N

Summary

The average price of lambs in the current fed-lamb marketing season (December-April) probably will be lower than in 1936-37, the Bureau of Agricultural Economics states, since the demand for meats and wool in this period is expected to be weaker than a year earlier. Prices of lambs in early December were slightly higher than those of a year earlier, but a seasonal advance in lamb prices from January to April 1938, so great as that which occurred during the early months of 1937, does not seem probable. Should further weakness in consumer demand develop in the next few months there might be no seasonal advance during this period.

Little change is expected in the total slaughter of sheep and lambs in the 1937-38 fed-lamb season compared with that of a year earlier. Although marketings of fed lambs probably will be larger than those of 1936-37, this increase may be about offset by smaller marketings of other lambs and sheep. Present indications are that the number of lambs fed this season will be larger than last in the Corn Belt States, Texas, and Colorado, but that there will be a considerable reduction in the number fed in other Western States, especially in the States west of the Continental Divide.

Lamb prices usually show little change during the fall months, but prices this year, after advancing in the first week of November, declined during the remainder of the month. This decline probably resulted partly from the decrease in consumer demand for meats that has occurred recently, and partly from the decline in prices of wool. Slaughter of sheep and lambs decreased about seasonally from October to November. The number of sheep and lambs slaughtered under Federal inspection in November, totaling 1,321,000 head, was 14 percent smaller than in October and was the smallest for the month since 1930.

REVIEW OF RECENT DEVELOPMENTS

BACKGROUND.- Prices of slaughter lambs declined sharply in the last 2 weeks of October, after a slight rise early in the month. For the month as a whole, prices of good and choice lambs at Chicago averaged \$10.03; this was 50 cents lower than in September but \$1.40 higher than in October 1936. Slaughter supplies of sheep and lambs from May through September 1937 were larger than a year earlier, chiefly as a result of increased marketings of Texas yearlings. In October, however, slaughter supplies decreased sharply, and were the smallest for the month since 1929.

Lamb prices decline further in November

Although slaughter supplies of sheep and lambs declined sharply in November and were the smallest for the month since 1930, lamb prices weakened further during the month. Prices of lambs usually show little change in November, but after advancing in the first week of the month this year, prices declined during the following 3 weeks. The decline in prices in October and November was due in some measure to decreased consumer demand for meats resulting from recent reductions in industrial activity and employment and to the decline in prices for wool. The average price of good and choice slaughter lambs at Chicago was \$9.46 per 100 pounds in November, about 60 cents lower than a month earlier, but about 55 cents higher than in November 1936.

Prices of feeder lambs also declined sharply during most of November. Prices of good and choice feeder lambs at Omaha averaged \$3.70 in November, nearly 50 cents lower than a month earlier, but about \$1.65 higher than in November a year earlier.

Slaughter supplies reduced seasonally

Slaughter of sheep and lambs under Federal inspection in November, totaling 1,321,000 head, was 14 percent smaller than in October, and was the smallest for the month since 1930. The decrease in such slaughter from October to November was about equal to the average decrease which occurred in the years 1924-33. Inspected slaughter of sheep and lambs during the period May through November 1937 (the grass lamb marketing season) was about the same as that of the corresponding period in 1936. In every month from May through September slaughter was larger than a year earlier, but the increases in these months were about offset by decreases in October and November.

Lamb feeding situation

Recent reports indicate that the number of lambs fed will be larger this season than last in the Corn Belt States, Texas and Colorado, but that the number fed will be considerably smaller in other Western States. Unless slaughter in December this year exceeds by a considerable margin the near-record slaughter of December last year, the total number of lambs on feed on January 1, 1938, is expected to be larger than a year earlier. Although the total number fed in the Corn Belt States is expected to be larger this season than last, the distribution of feeding within the area will be different from last year, with larger numbers fed in Illinois, Iowa, Missouri, Nebraska and Kansas, and smaller numbers in Michigan and Minnesota.

The number of lambs fed in the Western States as a whole is expected to be considerably smaller this year than last. The larger number in Colorado will be more than offset by reductions in the other States, especially those west of the Continental Divide, where the number fed last year was the largest in the 14 years of record. The increase of around 20 percent in the number fed in Colorado this year is the result of larger feeding operations in northern Colorado, with little change in other feeding areas of that State.

Shipments of feeder lambs from stockyards markets into the Corn Belt States in November this year were little different from those of November 1936, but for the 5 months, July through November, total shipments were about 13 percent larger than in 1936. Available information as to the number moving direct to feed lots in the Corn Belt States points to a considerable increase in the movement this year over last year with much of this increase being in direct shipments from Texas. Slaughter and market records indicate that marketings of fed lambs in October and November of this year were smaller than a year earlier. In Nebraska the number of lambs fed this season will be considerably larger than the small number fed last season, but will be below average. Most of the increase this year over last will be in the Scottsbluff area and the Central Platte Valley with the number in the former area about the largest on record.

In addition to the large direct shipments of lambs from Texas to other States this fall, a record movement also has been reported from the main sheep area of Texas into other sections of that State. Although lambs for finishing on wheat pastures and in feed lots made up a large part of these shipments, considerable numbers of breeding ewes and of wethers and of wether lambs to be shorn and marketed off of grass next spring also were included.

OUTLOOK

BACKGROUND.- In the Annual Outlook Report issued by the Bureau in early November, the following indications were given with respect to slaughter supplies and prices of sheep and lambs:

1. The number of lambs fed this winter probably will be larger than a year earlier. Most of the increase will be in the Corn Belt States, where feed supplies are much larger and feed prices considerably lower than they were last year. Hence, marketings of fed lambs in the fed-lamb season, December 1937 through April 1938, will be larger than in 1936-37. Total slaughter supplies of sheep and lambs in this period, however, may be no larger than a year earlier, since marketings from sources other than feed lots probably will be smaller.

2. At the beginning of the fed-lamb marketing season in December, prices of lambs probably will be higher than a year earlier, but the seasonal advance in prices from January to April next year is expected to be less than in 1937. The average price of lambs for the fed-lamb season may be lower than that of 1936-37, as the demand for meats and wool may be less favorable.

The situation with respect to supplies of fed lambs has not changed much since the release of the Annual Outlook Report. Present indications are that the number of fed lambs marketed during the current fed-lamb marketing season (December 1937 through April 1938) will be larger from the Corn Belt States, as a whole, and from Colorado, Texas and Oklahoma, but smaller from nearly all Western States, except Colorado.

In most areas weather conditions this fall have been quite favorable for feeding operations and lambs have made good gains. Since the movement of feeder lambs to feeding areas were somewhat earlier than usual this year and the average weight of feeder lambs from most States was heavier this year than last, it would appear that the number of lambs reaching marketable condition before mid-February will be relatively large. Ordinarily, under such conditions, it would be expected that fed lambs would be marketed in largest numbers in the early months of the season, before March 1. On the other hand the present level of prices of slaughter

lambs is low in relation to prices at which most feeder lambs were bought. It is possible that marketings of fed lambs will be delayed somewhat by the present price situation, and should this occur, the market supply later in the season will include an unusually large proportion of heavy weight slaughter lambs.

It now seems fairly certain that prices of fed lambs in the current marketing season will average lower than in the 1936-37 season, although prices in early December were slightly higher than a year earlier. Prices of fed lambs in December 1936, however, were at the lowest levels in the 1936-37 season. From January through April 1937, there was a rather marked seasonal advance in prices of fed lambs. In view of the recent weakness in consumer demand for meats, and the lower prices for wool, it does not seem probable that the seasonal advance in lamb prices in the next 3 or 4 months will be nearly so great as in the first 4 months of 1937. Should further weakness in consumer demand develop, it is possible that no seasonal advance in prices of fed lambs will occur during the remainder of the current season (up to May 1, 1938). Changes in prices from month to month, however, will depend partly upon the distribution of marketings of fed lambs during the season, which is now rather uncertain.

WOOL PRICE SITUATION 1/

Average quotations for combing territory wools at Boston late in November were fully 30 percent below the high point of the first quarter of this year and were about 25 percent lower than a year earlier. The recent decline in domestic price quotations apparently was an adjustment to the lower level of wool prices in foreign markets. Even at the lower domestic price quotations, however, very little wool has been purchased by mills in recent weeks.

The fairly large stocks of raw wool held by manufacturers and the large stocks of finished and semi-finished goods together with the decrease in mill activity probably account for the lack of trading in the domestic market. As stocks of finished and semi-finished goods are reduced in the next few months some increase in purchases of wool probably will occur. This increase in purchases might occur at the present level of prices.

Supplies of apparel wool in the United States at the beginning of the new marketing season on April 1, 1938 are likely to be about average and larger than a year earlier. Supplies on November 1 were smaller than on that date in any of the 5 years, 1930 to 1934, but were larger than in 1935 and 1936. At the beginning of November apparent supplies for disposal in the five principal Southern Hemisphere exporting countries for the remainder of the 1937-38 selling season were slightly larger than a year earlier but were about equal to the average for that date in the 5 years, 1931-35.

Mill consumption of apparel wool on a scoured basis in the United States in October was 36 percent smaller than in October 1936 and was the smallest monthly consumption since October 1934. Because of the large mill consumption in the early months of 1937, consumption in the first 10 months of this year was about the same as in corresponding months of 1936. It is probable that mill consumption has continued small since October, and consumption in the first quarter of 1938 probably will be smaller than a year earlier.

1/ From the December issue of the Demand and Price Situation, a monthly report of the Bureau of Agricultural Economics.

Supplies of sheep and lambs, year 1936 and November 1937 with comparisons

Item	Unit	Year				Month			
		Average	1935	1936	Nov.	Nov.	Oct.	Nov.	
		1924-33			average	1936	1937	1937	
Inspected slaughter									
of sheep and lambs	thou-								
1/.....	sands	14,737	17,644	17,216	1,184	1,544	1,530	1,321	
Receipts at seven									
markets 2/.....	"	3/15,241	12,312	11,892	3/1,209	1,039	1,546	813	
Inspected slaughter-									
Lambs and yearlings	thou-								
Number	sands	13,678	16,400	15,647	1,314	1,539	1,524	1,349	
Percentage of									
total sheep									
and lambs	percent	92.8	93.0	90.9	92.7	88.3	91.2	38.2	
Sheep -	thou-								
Number	sands	1,059	1,244	1,569	103	203	147	181	
Percentage of									
total sheep and									
lambs	percent	7.2	7.0	9.1	7.3	11.7	8.8	11.8	
Average live weight	pound	81	84	85	80	83	82	84	
Average dressed									
weight	"	39	40	40	38	39	38	39	
Total dressed weight	mil.lb.	569	701	680	54	68	64	59	

1/ Bureau of Animal Industry.

2/ Chicago, Kansas City, Omaha, Denver, St. Joseph, Sioux City and St. Paul.

3/ Average 1929-33.

Price per 100 pounds of sheep and lambs, by months, September-November
1935-37

Item	1935			1936			1937		
	Sept.	Oct.	Nov.	Sept.	Oct.	Nov.	Sept.	Oct.	Nov.
	Dolls.	Dolls.	Dolls.	Dolls.	Dolls.	Dolls.	Dolls.	Dolls.	Dolls.
Slaughter lambs,									
Chicago:									
Good and choice ..	9.34	9.23	10.30	9.38	8.68	8.90	10.56	10.08	9.46
Common and medium	7.86	7.87	8.87	7.31	6.94	7.15	8.56	8.34	7.86
Slaughter ewes,									
Chicago:									
Good and choice...	3.46	3.38	4.71	3.37	3.40	3.78	4.04	4.09	3.99
Common and medium	2.63	3.02	3.92	2.17	2.12	2.46	3.01	3.09	2.84
Feeding lambs,									
Omaha:									
Good and choice...	8.53	8.67	9.00	7.55	7.12	7.06	9.60	9.13	8.70
Average price paid by									
packers:									
Sheep and lambs ..	8.34	8.20	8.85	8.22	7.75	7.92	9.46	8.74	
Average price received:									
by farmers:									
Sheep	3.77	3.80	3.89	3.60	3.52	3.58	4.35	4.30	3.95
Lambs	7.23	7.38	7.57	7.43	7.25	7.23	8.57	8.42	7.87
Lamb, New York:									
Wholesale									
carcass <u>1</u> /:									
Choice	18.84	17.41	18.22	19.20	16.71	15.95	21.30	19.95	20.08
Good	17.86	16.55	17.46	18.00	15.92	15.05	20.52	18.95	18.97
Medium	16.88	15.66	16.47	16.39	14.99	14.21	18.66	17.86	17.77
Retail, composite									
price:									
Good	25.35	25.08	24.49	27.14	25.19	23.96	29.42	27.55	27.41
Pulled wool, Boston <u>2</u> /:-									
Choice AA	81.6	86.9	91.5	92.0	92.5	99.4	103.7	96.5	88.9
Choice									
White B.....	71.5	74.9	78.1	77.0	76.2	83.1	85.8	79.2	71.9
Sheep pelts, packers									
shearlings, No. 1									
each <u>3</u> /	0.62	0.82	0.92	1.02	1.03	1.02	1.31	1.24	0.94

1/ 38 pounds down.

2/ Cents per pound.

3/ Bureau of Labor Statistics.

